

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2017-20

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued October 27, 2016)

To clarify the Postal Service's planned competitive product price adjustments as described in its notice concerning changes in rates of general applicability for competitive products¹, the Postal Service is requested to provide written responses to the following questions. Answers should be provided no later than November 1, 2016.

Priority Mail Express

1. Please refer to Governors' Decision No. 16-7.² Governors' Decision No. 16-7 states that "recognizing that the Postal Service is at a competitive disadvantage in the marketplace by publishing these highly discounted prices that are viewable by all customers, Commercial Plus prices were matched to the Commercial Base prices in 2016 and will continue to be in 2017." Governors' Decision No. 16-7 at 2. Please explain why the Postal Service is at a competitive disadvantage in the marketplace as a result of publishing non-equivalent Priority Mail Express Commercial Plus prices but not as a result of publishing non-equivalent Priority Mail Commercial Plus prices.

¹ Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 16-7, October 19, 2016 (Notice).

² The Postal Service attached Governors' Decision No. 16-7 to the Notice. Notice, Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products (Governors' Decision No. 16-7), October 11, 2016 (Governors' Decision No. 16-7).

2. Please refer to Governors' Decision No. 16-7. Governors' Decision No. 16-7 states that for Priority Mail Express "Commercial Base prices will be set at a flat 11.2 percent discount off of Retail prices." Governors' Decision No. 16-7 at 2. Attached to Governors' Decision No. 16-7, the Postal Service included proposed revisions to the Mail Classification Schedule. Governors' Decision No. 16-7, Attachment, Part B. In the revised price tables for Priority Mail Express Commercial Base, many of the price cells represent discounts other than 11.2 percent off of the Priority Mail Express Retail prices. Governors' Decision No. 16-7, Attachment, Part B, section 2105.6. Please resolve this discrepancy and, if applicable, please provide amended workpapers.
3. Please refer to Governors' Decision No. 16-7. Governors' Decision No. 16-7 states that "[o]verall, the Priority Mail Express price change represents a 3.4 percent increase." Governors' Decision No. 16-7 at 2. In the *Federal Register* notice detailing the Postal Service's planned price change for competitive products, the Postal Service states that "[o]verall, Priority Mail Express prices will increase 3.3 percent." 81 Fed. Reg. 74305 (October 26, 2016). Please reconcile the two statements.

Priority Mail

4. Please refer to Governors' Decision No. 16-7. Governors' Decision No. 16-7 states that for Priority Mail "Commercial Base prices will, on average, reflect a 13.6 percent discount off of Retail prices." Governors' Decision No. 16-7 at 3. Please explain and provide the calculations supporting the statement that the proposed prices reflect an average 13.6 percent discount.
5. Please refer to Governors' Decision No. 16-7. Governors' Decision No. 16-7 states that for Priority Mail "Commercial Plus prices as a whole will receive 4.5 percent increase and will average 16.8 percent discount off Retail prices." Governors' Decision No. 16-7 at 3. Please explain and provide the calculations

supporting the statement that the proposed prices reflect an average 16.8 percent discount.

First-Class Package Service

6. Please refer to the Postal Service's *Federal Register* notice detailing the Postal Service's planned price change for competitive products. 81 Fed. Reg. 74305 (October 26, 2016). In that notice, the Postal Service states that "[t]he Postal Service will offer an optional Area Distribution Center (ADC) presort for First-Class Package Service (FCPS) parcels." Please confirm that mailers who use the optional ADC presort service will pay FCPS Single-Piece rates. If not confirmed, please explain and provide the rates for the optional ADC presort service with supporting workpapers.
7. Please refer to Excel file "FCPS Calc.Redacted.xlsx," tab "Details," cells Q9-Q25.³
 - a. Please confirm that the data in the referenced cells appear in the FY 2015 FCPS Billing Determinants.⁴ If confirmed, please provide the source for the data. If not confirmed, please explain.
 - b. Please define the term "Returns" used in cell Q9.

By the Acting Chairman.

Robert G. Taub

³ Notice, "FCPS Calc.Redacted.xlsx," tab "Details," cells Q9-Q25.

⁴ Docket No. ACR2015, Library Reference USPS-FY15-NP1, December 29, 2015.